



THE SUNDAY TIMES

P.O. Box 7 200 Gray's Inn Road London WC1X 8EZ Telephone 01-837 1234 Telex 22269

13 August 1980

Dear Clive,

I enclose a selection of quotations from my meeting yesterday with Sir Derek Rayner. I shall not need them all, but these are the ones from which I should like to make a selection for my article. I have attempted to tidy up the grammar and syntax in a few places; otherwise I hope you feel the quotes reflect accurately what Sir Derek said. But please tell me if I have done violence to his thoughts.

There is a possibility that the Sunday Times will want to publish my article this week, so if there is a chance of your checking the quotations by tomorrow (Thursday) afternoon, I should be very grateful.

My request to see Mr Johnston still stands. If it is not possible to see him before this article is published, I know I shall still find it valuable for the future -- not least in preparing for the paperback edition of 'The Civil Servants'. But there is a good chance that if I can see him late this week or early next week, it will be in time for the current article: I would put the chances of a story appearing this week at 50-50.

Meanwhile, very many thanks for all your help.

Yours sincerely,

Peter Kellner.

Mr Clive Priestley,
Cabinet Office.

TIMES NEWSPAPERS LIMITED
Reg. Office P.O. Box 7 New Printing House Square Gray's Inn Road London WC1X 8EZ
Reg. No. 894646 England



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01- 233 8224

Peter Kellner Esq
The Sunday Times
PO Box 7
200 Gray's Inn Road
LONDON
WC1X 8EZ

13 August 1980

Dear Peter,

This is a hasty response to your letter of today, which Derek Rayner saw before going on leave this evening.

Rayner is grateful to you for giving us an opportunity to comment on the quotations. He has been through them himself and so have I, comparing them with my own notes. I am rushing to catch the post to meet your deadline, so have not been able to have the quotations retyped, but the enclosed will at least quickly identify for you the changes I have suggested.

The piece on sub-Post Offices on p 4 is potentially very troublesome and Rayner asks that you should NOT use it. The issues are subtle and complex and he thinks some harm could be done by this compressed and - to some readers whose interests are genuine and respectable - needlessly provocative presentation.

Dealing with this has taken a lot of time this afternoon and I have not had an opportunity to pursue the Johnston point. However, you have had my undivided attention for several hours now, so the cause of "openness" has (I suggest) been reasonably well served.

Yours sincerely,

C. Priestley

C PRIESTLEY

Enc:

QUOTES FROM SIR DEREK RAYNER

Permanent Secretaries' Wednesday meetings: "When I go, I go for a reason -- ^{basically} usually to explain what I am attempting to do and the kind of support I need from them or because I feel I need to say something applying to more than one, ^{I maintain a close contact with P.Ss. on a one-to-one basis} or to explain the principles behind what I'm trying to do" ^{or where I want to do a "salesman" job}

[PR: This was in the context of explaining why the project on Tsy. registry arrangements appeared in round one.]

^{the argument for}
"In government, ~~staffing and~~ the handling of paperwork is very costly, and tedious to those who do it. It leads to inefficiency and to a high turnover of staff."

"In the first round of projects there was not too much argument about their content. But in the second round I had to ask some ministries to change their mind about the projects they put up, ^{because the subjects were not big enough or were repetitive.} and ^{as well as officials} Sometimes I saw the Secretary of State, to get this.... I would sometimes say, 'I don't feel I know anything about this subject and cannot contribute anything. It may be a very good idea, but it can't be called a Rayner project.' One of the important things in these discussions is that I have the strong ^{and that of her senior colleagues} backing of the Prime Minister, and they all know it."

"The failures are no more than you would expect when you pull someone out of a hierarchy and ^{get} ^{to work} give them responsibility on their own. About five per cent have been what I mean by failures -- but that doesn't necessarily mean they have been failures in their own ^{or their department's} eyes."

At the start of a round of exercises: "We have a meeting collectively;
 we underline that we are here to help ^{brief them and} them; and they ^{and advise} must ^{can} come here if
 they need help. We tell them they should find a friends inside the ministry --
 for example, a deputy secretary ^{If they can't get one, we} who will give them fatherly advice ^{here}."

"I can't go unannounced into local offices in the way I can and do with
 Marks and Spencer shops. ^{But that's right as} I'm not their boss [and there would be problems
 with the staff associations.]. When I go, it's not a "State visit" ^{I don't think}
 an entourage. I want to sit at desks and talk to staff about what they are doing

for a "General's
 Inspection".

What struck Sir Derek about Hoxton: "The complexity of the rules under
 which the staff work. ^{I think they are incomprehensible by ordinary people. Each}
 client is an individual case, remember. ^{Secondly,} They are impossible to interpret by an ordinary
 human being. ^{and because of the lack of experienced staff and} because it is so complicated, an enormous amount of checking
 is needed. ^{In some offices, not all.} This is inefficient and bad for morale, and you get high

high staff turnover,

turnover -- which means you have more inexperienced staff whose work
 needs checking anyway, and so on. It's a very difficult ~~managerial~~
 environment. ^{for the manager.} There was no attempt ~~at~~ simplification, which ~~could have covered say~~
 70 per cent of cases. ^{and successful in keeping the operation} The staff was very dedicated, but working in poor ^{going}
 conditions.

would make a great difference.

There were two old printing machines for printing out giro
 cheques -- both broke down while I was there. What ^{I thought} was extraordinary was
 that most claims were having to be met with two cheques, because ^{of an upper limit} the Post
 Office refuses to accept cheques for more than £30, and most payments are
 for more than this. So you would see one cheque for £30, and another for
 two or three pounds."

X

[Handwritten scribbles]

[Al: This is also in fact a reference to the Trig. regulatory project.]

paper handling may produce

"In some government offices ~~the rules are so complicated that you~~ filing get two systems working in parallel -- the official system, which tries to keep to the rules, and an unofficial personal system that people actually use."

X

local

depending on what they have to do

work to be done may be much increased

"Government offices come in all shapes and sizes. *It's the unevenness and expense that concern me as a manager. The difficulty of the* of the facilities ~~that is shocking~~. Conditions are often made worse by the accretion of little things, *like the old printing presses* ~~like the old printing presses~~ *addition of rules and regulations* ~~at~~

Hexter. Conditions can only be changed by the intervention of someone senior enough to see that something is wrong and ~~then be able to do~~ *This does happen, but not everywhere.* something about it. *In Marks and Spencer stores, when I go around unannounced, I carry weight. There is not a week in my life when I don't go into an M&S store and ask questions. I'm in a position to take action. It doesn't happen like that in government offices. Wherever I've been, the staff have been full of ideas on how to improve conditions -- for themselves and for the public. But by the time their ideas have worked their way up the system the momentum, and often the idea, has been lost."*

How can things been improved in local offices? "Motivation is important. Promotion should come by being good at the job. And an example must be set from the top. If you want people to come to their office early, you must get in early yourself. It's no good relying on regulations saying staff should be in on time. I would *also* like to see more local

When you're handling out money according to national rules, the amount of initiative is less apparent.

Of course, it depends somewhat on what the local office is free to do. For example, you can give scope to ↑ and to the maximum possible. initiative encouraged; it is already beginning to happen in Job Centres. There Rules should be simplified, and There should be much more initiative in handling staff -- such as flexibility in hours of work and the jobs staff do. In one office I found that work was organised into three parts. One was heavily overloaded, while the other two were underloaded; but the manager didn't have the freedom to reorganise."

[The SD DR would much prefer this NOT to be quoted.]

^{Social Security} "The way we pay out supplementary benefits is an antique piece of administration. Only we and the Irish do it our way. What our project tried to do was to modernise but also to please the customer. [It's not true that village life would suffer; it's an illusion that all villages are the same. I know places where there is one shop, a little supermarket, and I am sure that the shopkeeper would be happy to pay out benefits. In any case, most people live in towns, and draw their benefits from main post offices. It would cost very little if you simply ^{compensated} reorganised all sub-post offices for their lost business."]

"What we've been dealing with so far have been the effects of the way the government works. We must now get down to the causes, if we are not to be ground down into the dust so that in ten years time everyone has forgotten us. We are now looking at some of the things in management that can only come about if ministers take an interest in management. We're not talking about Great Britain Limited, but ^{about} helping good ministers to be good managers -- and some, like Michael Heseltine with his management background, will be very good indeed. But I don't make the mistake of arguing that ministers are chief executives."

quotes

5

We're trying to suggest how ministers might take a practical interest, for example by scrutinising the cost of ~~their~~ running their dept.

and the drift of how money is being spent.

"At the moment it is impossible to look at a single set of management accounts to see how a department spends its money. If the electricity bill goes up 200 per cent, somebody should clearly do something about it. But once I was told in a case like this, 'oh, it's none of ^{our} my business, that sort of thing is looked after by the PSA.' "

I'm very concerned about a divided HQ.

On CSD/Treasury split: "I have never heard of any organisation dividing its control of resources through two separate commands. What are the instruments of power open to the CSD, apart from patronage? ~~Two~~ ^{Three} things are needed for any central department to succeed: the backing of the Prime Minister, ^{and the right instruments of power.} and a heavyweight minister in charge. It would make more sense ^{to me} to run the Civil Service under the direction of a ~~strong~~ Chancellor, ^{who is naturally in a strong position.}

Q: Does this all apply?

[If CSD and Treasury were reorganised: "I would always hold myself ready to help."]

"You can't lead people successfully when they lack enthusiasm. There are plenty of good people, talented people in the Civil Service, but too often they are frustrated."